

**CAMDEN PREP, INC.
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2018**

CAMDEN PREP, INC.

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June 30, 2018

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Independent Auditor's Report

To the Board of Trustees of
Camden Prep, Inc.:

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Camden Prep, Inc., in the County of Camden, as of and for the year ended June 30, 2018, and have issued our report thereon dated November 19, 2018.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings as results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of Camden Prep, Inc.'s management, Board of Trustees and the New Jersey Department of Education. However, this report is a matter of public records and its distribution is not limited.

Alexander, Brown, Fenning & Co., P.C.
Westborough, Massachusetts
November 19, 2018

John R. Buckley, C.P.A.
Public School Accountant
PSA #20CS00271800

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Trustees and the records of the various funds under the auspices of the Board of Trustees.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed in Exhibit J-20, Insurance Schedule contained in the Renaissance School CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>
Sandra Franco	Director of Accounting

There is a Fidelity bond in the name of a related party, Uncommon Schools, Inc., which extends to the Renaissance School in the amount of \$1,000,000.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Travel

The Renaissance School did have an approved board travel policy as required by *N.J.A.C. 6A:23A-6.13* and *N.J.S.A. 18A:11-12*.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

Reserve for Encumbrances and Accounts Payable

A review of outstanding payables was made as of June 30, 2018, for proper classification of orders for accounts payable. No discrepancies were noted.

SCHOOL PURCHASING PROGRAMS

Board and Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary did not disclose any new exceptions during the year.

SCHEDULE OF AUDITED ENROLLMENTS

Enrollment Counts and Submissions to the Department

Finding 2018-01

Our audit procedures included tests of information reported on the October 15, 2017, and the last day of school for on-roll, special education, bilingual and low income. During our testing of 100% of the students classified as Limited English Proficient (LEP), two students did not have a formal assessment, accepted by the New Jersey Department of Education, rather, these students had an internal assessment performed by the Renaissance School.

Recommendation:

Management should ensure all students have an assessment completed that is accepted by the New Jersey Department of Education.

Management Response:

Once enrolled at Camden Prep, a parent must complete a student information packet that includes a home language survey. Any parent that informs the school that a non-English language is the primary language at home is flagged. First, the school will reach out to classroom teachers to determine whether language is presenting a barrier to academic performance. The school's ESL teacher will also administer a formal assessment. The W-APT will be used to formally assess English proficiency in kindergarten and the WIDA screener in grades 1-7. Both assessments are accepted by the NJ Department of Education. Based on the student's test results and classroom performance, the school will determine eligibility services.

Teacher's Pension and Annuity Fund (TPAF) Reimbursement to the State for Federal Salary Expenditures

Our audit procedures included a test and review of the calculation of the TPAF reimbursement for the current fiscal year. As of June 30, 2018, the Renaissance School has not been approved to be included in the TPAF. As stated by N.J.S.A. 18A:66-90, the Renaissance School will be reimbursed for the expenses incurred for the Social Security and FICA cost for full-time TPAF employees. The reimbursement was estimated based on the number of full-time employees that would be eligible under the TPAF plan once the Renaissance School is approved.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended. No exceptions noted.

Other Special Federal and/or State Projects

The Renaissance School's Special Projects were approved as listed on Exhibit E-1 located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

Other Special Federal and/or State Projects (Continued)

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A23A-23A-16(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and state single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A23A-8.3*. As a result of the procedures performed, a transaction error rate of zero percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions noted.

B. Administrative Classification Findings

No exceptions noted.

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

Finding 2018-02

The Charter School could not provide evidence that the annual Statement of Assurance to the Department of Education, pursuant to *N.J.A.C. 6A:26-12.4(g)*.

Recommendation:

The Renaissance School should maintain evidence for testing of lead in water in accordance with *N.J.A.C. 6A:26-1.2* and *12.4*.

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of the prior year findings. No recommendations were reported in the prior year.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the Renaissance School and we greatly appreciate the courtesies extended to the members of the audit team.

John R. Buckley, CPA

CAMDEN PREP, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2017

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	146	73	73	0	73	0	15	15	0	15	0	447	447	0
One	94	47	47	0	47	0	34	34	0	34	0	482	482	0
Two	93	47	47	0	47	0	44	44	0	44	0	403	403	0
Three	90	45	45	0	45	0	32	32	0	32	0	393	393	0
Four	61	31	31	0	31	0	21	21	0	21	0	374	374	0
Five	43	22	22	0	22	0	39	39	0	39	0	405	405	0
Six	50	25	25	0	25	0	10	10	0	10	0	78	78	0
Total	577	290	290	0	290	0	195	195	0	195	0	2582	2582	0
Percentage				0%		0%			0%		0%			0%

CAMDEN PREP, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF THE LAST DAY OF SCHOOL

Grades	Submission to DOE reported On Roll	Sample													
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors	
Kindergarten	144	72	72	0	72	0	15	14	1	14	1	447	447	0	
One	97	49	49	0	49	0	34	33	1	33	1	482	482	0	
Two	97	49	49	0	49	0	44	44	0	44	0	403	403	0	
Three	90	45	45	0	45	0	32	32	0	32	0	393	393	0	
Four	53	27	27	0	27	0	21	21	0	21	0	374	374	0	
Five	46	23	23	0	23	0	39	39	0	39	0	405	405	0	
Six	47	24	24	0	24	0	10	10	0	10	0	78	78	0	
Total	574	289	289	0	289	0	195	193	2	193	2	2582	2582	0	
Percentage				0%		0%			1%		1%			0%	

CAMDEN PREP, INC.

Audit Synopsis Recommendations
June 30, 2018

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2018-01

Recommendation:

Management should ensure all students have an assessment completed that is accepted by the New Jersey Department of Education.

3. School Purchasing Program

None

4. School Food Service

Not applicable

5. Student Body Activities

Not applicable

6. Application for State and School Aid

None

7. Pupil Transportation

Not applicable

8. Facilities and Capital Assets

Not applicable

9. Miscellaneous

Finding 2018-02

Recommendation:

The Renaissance School should maintain evidence for testing of lead in water in accordance with N.J.A.C. 6A:26-1.2 and 12.4.

10. Status of Prior Year's Findings and Recommendations

Not applicable

CAMDEN PREP, INC.

Excess Surplus Calculation
June 30, 2018

EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 9,873,638</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ - (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ - (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____ - (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ - (B1d)

Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>304,652</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)

Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)] \$ 9,568,986 (B3)

2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	<u>\$ 191,380</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 250,000</u> (B4)
Increased by: Allowable Adjustment	\$ _____ (K)

Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] \$ 250,000 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2018 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 1,483,589</u> (C)
Decreased by:	
Year-end Encumbrances	\$ _____ (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ _____ (C3)
Other Restricted Fund Balances	\$ _____ (C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ _____ (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,483,589</u> (U1)

CAMDEN PREP, INC.

Excess Surplus Calculation
June 30, 2018

EXCESS SURPLUS CALCULATION (Continued)

SECTION 2

Restricted Fund Balance – Excess Surplus [(U1)-(M)] \$ 1,233,589 (E)

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures	<u>\$ _____</u> - (C3)
Reserved Excess Surplus [(E)]	<u>\$ 1,233,589</u> (E)
Total Excess Surplus [(C3) + (E)]	<u>\$ 1,233,589</u>